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**USTR ANNOUNCES RESULTS OF SPECIAL 301
OUT-OF-CYCLE REVIEWS**

United States Trade Representative Charlene Barshefsky today announced the results of out-of-cycle reviews of Hong Kong, Ecuador, Colombia, and Vietnam. In announcing the results of the 1998 Special 301 review last May, Ambassador Barshefsky indicated that USTR would conduct reviews of these countries before the next annual review in April 1999.

Ambassador Barshefsky said, "Hong Kong has taken important steps to address piracy over the past year, including improving its legal regime through the passage of the Prevention of Copyright Piracy Ordinance, significantly increasing raids and seizures against retailers and distributors, seizing approximately 70 pirate CD production lines, closing several notorious retail arcades, and imposing stiffer penalties on pirates. In recognition of these efforts, I am pleased to announce that the Hong Kong Special Administrative Region (HKSAR) will be removed from the Special 301 Watch List. However, in view of the fact that piracy rates remain high, we call upon Hong Kong to take significant new steps in the near future to address the problem."

In reviewing the situation in Ecuador, Colombia, and Vietnam, Ambassador Barshefsky acknowledged progress on certain issues since the 1998 review, but called upon these governments to make greater efforts to resolve outstanding concerns prior to the 1999 review. Ambassador Barshefsky stated that Ecuador will remain on the Priority Watch List and Colombia and Vietnam will remain on the Watch List. Details of these decisions follow below.

Hong Kong will be removed from the Watch List; however, the following observations are made about the need for additional progress to combat piracy.

Hong Kong has taken significant steps over the past year to address the problem of piracy, including passage of the Prevention of Copyright Piracy Ordinance, seizing approximately 70 pirate CD production lines, closing twenty compact disc factories, and closing major retail arcades. Hong Kong has also imposed stiffer penalties on pirates and significantly increased raids

and seizures against retailers and distributors. From January through October 1998, authorities seized 35 million compact discs and arrested 1361 suspects. However, retail piracy remains high in Hong Kong. Significant new steps must be taken in the near future to effectively address the problem of piracy. In addition, steps must be taken to put an end to criminal corporate end user software piracy and criminal hard disk loading piracy. Moreover, we have continuing concerns about the very large volume of optical media production capacity and look to the HKSAR to more effectively ensure that these facilities are only producing legitimate product.

Ecuador will remain on the Priority Watch List.

Ecuador was placed on the Priority Watch List in 1997 for its failure to: comply with its international intellectual property obligations, to act on pending pipeline applications, and to address continuing U.S. concerns regarding the onerous Dealers' Act.

Ecuador has taken some steps toward addressing these concerns. In May 1998, Ecuador passed a comprehensive and significantly improved IPR law that goes a long way towards improving its legal framework for copyright, patent, trademark, and trade secret protection. Although the law represented an important step forward, it is still deficient in a number of areas, particularly with respect to patent protection. We have called on the Government to remedy these concerns through implementing regulations and through new legislative amendments, where necessary. While the Government of Ecuador issued the first approvals of pending pipeline applications in 1998, the vast majority remain pending.

Although Ecuador repealed the onerous Dealers' Act in 1997 with respects to contracts entered into after that date, U.S. companies continue to face problems with the Act on prior contracts. The Dealers' Act prevents U.S. companies from terminating exclusive distributorship contracts without paying substantial compensation. It only applies to foreign companies.

Ambassador Barshefsky said, "We were encouraged by the passage of comprehensive IPR legislation earlier in the year, and call on the new Mahuad Administration to ensure that steps are taken -- either through implementing regulations or new amendments to the law -- to bring Ecuador's IPR laws into full compliance with its bilateral and multilateral commitments. We also remain very concerned about Ecuador's lack of action on the pending pharmaceutical pipeline applications and the problems U.S. companies continue to face from the Dealers' Act. We call on the new Mahuad Administration to move rapidly to address these longstanding problems."

Colombia will remain on the Watch List.

Colombia was placed on the Watch List in May 1998 because of Colombia's failure to license cable television operators, problems with copyright enforcement -- particularly border controls against the importation of pirated CDs -- and inadequate protection for pharmaceutical patents. Colombia currently prohibits U.S. program owners from selling to unlicensed stations, but has not approved the licenses to meet demand. The United States also encouraged Colombia to assume a leadership role in the Andean Community to bring Decisions 344, 345 and 351 into conformity with TRIPS before the January 1, 2000 deadline.

Based on assurances from the Government of Colombia that the restarted cable television licensing process would stay on track, action would be taken against pirate cable operators, and

that the Attorney General's Office had established a unit to prosecute IPR crimes, Ambassador Barshefsky said, "We look to the Government of Colombia to follow through on the commitments it made in December regarding the cable licensing process and actions to fight signal piracy. Progress on this issue will weigh heavily in our Special 301 review this spring." Ambassador Barshefsky noted the Government's recent efforts to improve copyright enforcement, but expressed concern that problems remain "particularly with the flood of pirated CDs entering Colombia." Barshefsky also urged Colombia to bring its level of patent protection up to international standards and to work vigorously within the Andean Community to bring Community Decisions 344, 345, and 351 into full conformity with TRIPS before the January 1, 2000 deadline.

Vietnam will remain on the Watch List.

The Government of Vietnam is still in the formative stages of drafting, enacting and enforcing intellectual property laws, although its 1996 civil code provides a general framework for an intellectual property system. Copyright piracy remains a significant problem as does trademark infringement. On December 23, 1998, the United States and Vietnam completed the formal steps necessary for the U.S.-Vietnam Bilateral Copyright Agreement to enter into force. The agreement grants U.S. copyrighted works such as motion pictures, sound recordings, software and books, legal protection in Vietnam for the first time.

Ambassador Barshefsky today said "the Government of Vietnam continues to take significant steps to bring its IPR regime up to international standards. We now look to Vietnam to vigorously enforce its new copyright law to measurably reduce piracy levels. We also urge Vietnam to provide effective enforcement against trademark infringement, particularly in the area of pharmaceutical trade dress."